PROPOSAL TO RATIONALIZE, REFORM & RESTRUCTURE

THE UK TAX & BENEFITS' SYSTEMS

DISCLAIMER

I must confess, I am no economist. To be honest, I can not in all good conscience even claim to be much of an informed pundit. I nevertheless fervently believe that the package of measures and strategies I have outlined below – in **combination** ***(not in isolation) – WILL*** deliver the UK from its current economic woes.

I would further add that all I am proposing here is intended to be no more than a basic, "bare-bones", skeletal framework of alternative initiatives, measures and strategies for the economic "number crunchers" to review, consider and build upon.

INTRODUCTION

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It seems somewhat ironic to me that when companies go to their banks cap in hand looking for money to keep them from insolvency, the banks invariably reject their pleas for financial assistance on the grounds that it would be an unsound investment to lend them additional funds, *(or, to quote – as near as I can recollect – a character once portrayed by the marvellous Joss Ackland, who bemoaned in a TV drama produced and aired many years ago, **"They'll lend you an umbrella while the sun is shining, and demand it back the instant it starts to rain!")**,* and yet the provision of an "umbrella" is exactly what banks the world over demanded from governments and taxpayers when the great precipitation struck some five years ago!!!

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Since forming his coalition government in 2010, our beloved Prime Minister has frequently alleged, *"We are ALL in it, together..."!!!*

???Are we???

It seems to me that, thanks to ***"Messrs. Cameron, Clegg & Co's"*** policies, some of us (roughly two-thirds of the population) have been dropped deeper in ***"<u>IT</u>"*** – minus a ***"boat"*** as well as without the proverbial ***"paddle"*** – than those in government and their cronies, cohorts and contributors who continue to float and drift merrily along the *"<u>River</u> <u>Effluent</u>"* without a care in the world.

*What do those we elected to represent our interests know of the hardships and deprivation their, so-called, **"austerity"** measures are causing to the millions of jobless, low-paid and the poor – **and their <u>CHILDREN</u>** – who are being forced to bear the brunt of these **<u>OBSCENE</u>** measures!!!...???*

Ministers and backbenchers continue to enjoy ***more than triple*** the average annual rate of pay while abusing the expenses system to make unjustifiable claims for London accommodation and bills, as well as continuing to benefit from perks such as free travel and other subsidies, while driving the rest of us – their electorate – deeper into destitution, deprivation and despair!!!

Cameron has repeatedly insisted that we must ***"stay the course"*** his government has laid out for us... and that these measures are necessary to bring public spending under control to match tax revenues and balance the budget in order to bring our public borrowing to zero and halt our escalating national debt. This is nothing new... it is the "housewife"-"housekeeping" budgeting philosophy of the Thatcher era! Ordinarily, the ethos of spending within our means would be a policy I would support as strenuously and fervently now as I did back in the "eighties". But these ***<u>are</u> <u>not</u>*** the "eighties", and home-spun Thatcherist economics simply will not cut it in the current, global, economic climate!

We have moved on since then and what is needed now is some more aggressively ***<u>creative</u>*** and ***<u>inventive</u>*** thinking than that of which "Messrs Cameron, Clegg & Co" seem capable!!!

What the UK needs is not measures and policies that, together with a combination of rising taxes, benefits' reductions, and spiralling food and fuel bills, are driving people deeper into depression, despair and destitution.

- Benefits such as: Job-Seekers' Allowance, Employment & Support Allowance, Income Support and Tax Credits are **SUPPOSED** to be calculated to provide claimants with the ***<u>ABSOLUTE</u> <u>MINIMUM</u>*** amount of money that they need to live and survive... but the **WELFARE REFORM ACT** and changes to tax credits, child benefits and pensions, et cetera, are slashing the **NETT MINIMUM INCOME** these benefits are **SUPPOSED** to deliver!!!

THE UK *<u>WILL</u> <u>NOT</u>* SUMMON ECONOMIC-RECOVERY BY *MAKING* THE *POOR, <u>POORER</u>!!!*

- *Instead, we need measures and policies that will engender and grow consumer confidence and stimulate consumer spending!!!*

But how can the greater majority of the UK population – the poor, the low-paid, and the unpaid – initiate and participate in a consumer-led economic-recovery when they are being driven from their homes and deeper into financial-ruin!!!...???

- *What the UK needs is a massive shift and a complete reversal of the inane, inappropriate and ineffective economic measures and policies currently being proposed, implemented and fostered by this incompetent, ill-conceived and inept coalition-government!!!*

What the UK needs is an economic-strategy that will rekindle, ignite and fan the flames of consumer confidence so that consumers begin spending again... thereby stimulating greater demand which will lead to an increase in supply-chain productivity and output. With this will come an accompanying increased demand on the labour market – and there are over two million Britons who are waiting in the wings willing, ready and able to fill this demand – and with this will come a reduction in the Welfare Bill, and an increase in direct, indirect and business tax revenues!!!

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What follows therefore, is based upon this one simple premiss...

> ***The <u>BEST</u> METHOD, by far, to reduce expenditure on Welfare Benefits is simply to make those currently claiming them <u>LESS</u> DEPENDENT upon them!!!***

With this in mind, therefore, I believe it is possible to...

- Revive and stimulate consumer-led economic growth, and to...
- Reduce Unemployment and the Welfare Budget by...

1. Reduce (or Rationalize) the workforce
2. Interlink: Personal Taxation, (ALL) Benefits, National Minimum Wage & Basic State Pension
3. Increase the National Minimum Wage (ALL the NMW rates), by at least 20%
4. Consolidate ALL current BENEFITS into a new, single, interactive and proactive benefit called: **"Citizens' Income Guarantee" (CIG)**
5. Restore FULL Housing Benefit (WRA repealed)
6. Reduce the tax burdens on people's incomes
   (Increase Personal Allowances **and** the standard-rate of taxation)
7. Abolish (employees' and employers') National Insurance Contributions (NIC)
8. Link the Basic State Pension to: NMW; CIG (Basic Adult Benefit Rate); & the Personal Tax Allowance
9. Abolish Council Tax
10. Increase the child age threshold when single-parents have to seek employment
11. Abolish Universal Child Benefit
12. Abolish the TV license **(the "telly tax"!!!)**
13. Discouraging tax avoidance
14. Abolish "Advance Corporation Tax"
15. Abolish Business Rates
16. Introduce a new, 6% “Business Turnover Tax” (BTT) – 10% for the self-employed
17. Increase, TEMPORARILY, the higher VAT rate to 25%
18. Reduce VAT on petrol and diesel to 5%
19. Replace the Road Fund License with a 12p/litre Fuel Duty increase
20. Increase MOT test fees – give "FSH" discounts
21. Reduce VAT on supply of energy (electricity & gas) & water for commercial use to 5%
22. Introduce a “Carbon Tax” on vehicle, motorcycle and bicycle tyres and inner tubes
23. Introduce a "Bicycle Carbon Tax"
24. Rationalize DUTY on alcoholic beverages

   <u>SUMMARY</u>

<u>NOTE</u> <u>WELL</u>...

- *MOST of the above measures will not work by themselves... in isolation. Some will depend upon others, in combination, to produce the desired end result.*
- So on this understanding, and hopefully proceeding in a reasonably logical progression...

<u>Revive and Stimulate Consumer-led Economic Growth</u>

It has been half a decade, more or less, since the world entered "**G**lobal **E**conomic **M**eltdown" – not quite the **"<u>GEM</u>"** the acronym suggests – and one might be forgiven for thinking that the UK, along with most other major world economies, should now be well on the road to full economic recovery... but we, and they, are not! So why is this...???

I cannot speak for other nations, but insofar as the UK's economic woes are concerned, as I perceive them to be, our biggest problem by far is that our government has adopted a typical banker's ***"<u>bottom</u> <u>line</u>"*** philosophy to dealing with our budget deficits and escalating national debt, to wit: they have looked at national income versus national expenditure, seen the disparity between the two, and have decided that the best method to redress the balance between them is to increase the former while decreasing the latter. This may ***<u>seem</u>*** all well and good and sensible, but it comes with a heavy cost... it stifles, if not completely precludes, any real prospect of meaningful economic recovery and growth in the short to medium term.

> ***<u>Instead</u>... the only thing*** *this policy achieves is to make the poor poorer* ***at the expense of consumer confidence!!!***

Messrs Cameron, Clegg & Co, and their cohorts, collaborators and cronies, either are or are in the process of...

- Slashing Housing & Council Tax Benefits, and Working Tax Credits... driving the poor, the low-paid, and the jobless – and their CHILDREN – deeper into poverty in general, and well below the "fuel-poverty" threshold in particular!!!

  > *These measures will force **<u>children</u>** to share over-crowded bedrooms – reminiscent of the post-war **<u>slums</u>** – and render many individuals, couples and families **<u>homeless</u>...** so how will this enable them to become independent of long-term State support!!!...???*

- Increasing retirement age... which will grow the workforce and perpetuate high unemployment!!!

- Slashing the real-terms value of out-of-work benefits such as, "Job-Seekers' Allowance", "IS" and "ESA"... thereby making it impossible for "Job-Seekers" to **afford** to look for work!!!

- Using the ***Work Programme, Work Fare,*** and ***<u>Sanctions</u>*** to penalize, persecute and punish the jobless and their families to divert attention away from their (the government's) inability to grow the economy and create jobs!!!

This so-called "austerity" approach is actually ***detrimental*** and ***contra-conducive*** to the dual goals of achieving economic recovery and lower unemployment. These measures are, in reality, making it increasingly harder for the unemployed to find and take jobs, both financially as well as in terms of available vacancies, and flagellating, persecuting and vilifying the jobless and low-paid will neither reduce unemployment nor contribute to economic recovery.

> *Rather than relying upon a **<u>NEGATIVE</u>, "bottom line"** approach to raise us up out of the mire therefore, what is really desperately needed is some **positive, creative and inventive entrepreneurial lateral-thinking** to produce a policy for economic recovery that is entrenched in the philosophy of **"speculate to accumulate"!!!***

<u>Instead</u> of taking money from the people, ***give the people the means to earn more*** – which, in turn, will translate into increased revenues and reduced benefit dependency – allowing them to repay their debts and improve their spending power which, in turn, will refuel, rekindle and reignite consumer confidence.

- *With more money actually flowing back and forth, and through and around our economy, will come economic stimulus, recovery and growth and, with these, the means to repay our national debt... **<u>instead</u>** of **<u>ADDING</u>** to it as Messrs. Cameron, Clegg & Co's policies are so doing!!!*

At the same time, the Bank of England should consider revising its interest rates policy. So many of our problems are due in large measure to the low value of the pound against international currencies, and this is pushing up prices in general, and particularly those of imported oil, food and energy. While it is true that a stronger pound would have an adverse effect on our exports, it would bring down the cost of living and elevate the poorer members of our society, in part if not entirely, above the fuel poverty threshold.

Higher interest rates should also encourage the return of international investors to Britain to pay for construction and infrastructure projects to get Britain working again... which would also translate into increased revenues for the Treasury!!!

*In the pages that follow, I hope to present some real alternatives to the current coalition government's unimaginative, short-sighted and blinkered approach to managing the economy that is doing **considerably more harm** than would have otherwise been the case had they simply left well alone!!!*

Reduce Unemployment and the Welfare Budget

There are two obvious, key measures that will dramatically reduce Britain's welfare costs...

1. Reduce unemployment to 3-4%, if not LOWER, (historically, the lowest UK unemployment has ever been was recorded in 1973 as being 3.4% of the workforce) and...

2. Make those in low-paid employment LESS DEPENDANT upon "IN-WORK" benefits!

Reducing unemployment...

Excluding the "Great Depression" of the '30s, the highest level for unemployment in the UK was recorded in April 1984 (almost 30 years ago) when it peaked at 11.9% of the workforce. Interestingly, the number of unemployed this rate represented exceeded 3 million, which indicates a total workforce of between 26 & 28 million.

- According to a report published by the ***"Sector Skills Development Agency"*** in November 2004, during the Spring of '04, there were 28.2 million men and women IN WORK, and 1.4 million were unemployed, giving a workforce total of: 29.6 million.

- 8½-9 years on, figures released in February 2013 by the ***"Office for National Statistics" (ONS)*** for the final quarter of 2012 show that there are 29.7 million people IN WORK, and 2.5 million are unemployed.

In other words...

- The UK workforce has grown by some 2.6 million in just 9 years, so that it now measures some 32.2 million, and...

- *There are **more** **people in employment today** than the size of the total UK workforce as it existed **9 years ago,** back in 2004!!!*

So... *What has been the cause of this expansion in the UK's workforce???*

There are a number of factors that have caused this growth in the UK workforce, but the ***SIX*** key contributors are...

1. Immigration & Migration...

    - *Particularly the influx of migrant workers from the EU – especially, East Europeans (currently, according to recent media reports, the UK is expecting up to 250,000 Bulgarian and Romanian migrant workers to start arriving when restrictions on their rights to enter and work in this country are lifted at end of 2013)*

2. Women in the workforce...

    - During the post-war years, right up until the end of the seventies, women represented less than 40% of the UK's total workforce; today, they account for around some 48% of it

3. Previously "Economically Inactive" Persons

    - Primarily, this group comprises Lone Parents and Disabled People who, due to changes in eligibility for benefits introduced by the government, are now considered to be part of the workforce and must be actively seeking employment to continue to receive their benefits

4. People working longer...

    - Increasingly, people are opting to remain in employment past retirement... either from economic necessity to top up their pensions, or simply to remain active

    - this has been a bonanza for employers who do not have to pay Employer NI Contributions on employees who are older than the State Pension Age

5. Increase in the State Pension Age

    - Hundreds of thousands of women over the age of 60 have already been affected by these changes and are having to wait until they turn 61 or 62 before they are able to receive their state pension. By 2020, along with men, they will have to wait until they reach the age of 66 to receive it.

    - This factor alone will contribute to a potential growth in the workforce of around 2 million during the next 7 years.

    - The accompanying changes to the age at which one may claim ***Pension Credit*** are already affecting the numbers of the unemployed as those who would previously have been removed from JSA at the age of 60, and considered to be early-retired, now have to remain as claimants!

6. Compelling single-parents to return to work

    - First of all... I support the ethos of working lone-parents. I was a working lone parent myself at a time when single-parents were not required so to be!!!

    - It is the threshold for returning to the workforce (as determined by the age of the single-parent's youngest child) with which I take issue. I believe the "youngest child" age threshold should be raised from 7 to 11 – when the child goes up from primary to secondary education.

      My reasons for this are given in greater detail below. For now, however, consider this... children under the age of 11 require childcare provision. If the single parent does not have a suitable support network upon which they can rely to provide care for their child/ren, and need childcare vouchers to contribute towards the cost of this instead... with state-funded provision being up to £300 per week, the weekly cost to the state may not only exceed the claimant's weekly pay by some considerable margin, but is substantially greater than the weekly amount of Income Support the non-working single-parent receives!!! Where is the sense in that??? How does this help to reduce the Welfare Budget???

Reducing unemployment by half, say... is not, therefore, merely a simple matter of getting 1.25 million people back in to work!

On the one hand, there are many more job seekers in Britain who, for whatever reason, do not appear in the headline statistics... and, on the other, there is an entire army of people whose jobs exist to service the unemployed – DWP and Job-Centres' employees as well as those working in support agencies to provide, for example, the Work Programme – whose jobs will become redundant if and when the numbers of the jobless fall.

- We also need to bear in mind that there is one MASSIVE IMPEDIMENT to reducing unemployment that affects the prospects of the majority of the unemployed, and it is the ***cost*** of getting to work!

  For most of these jobless, who live in economically-deprived areas, it is all but impossible to find suitable employment opportunities locally, and the cost of travelling any distance to where they might find a job is too prohibitive to make such a proposition financially viable and beneficial. Rising fares and the reductions in local and central government transport subsidies, as well as the rising cost of petrol and diesel and the huge burden of duty and VAT imposed on these, have made it virtually impossible for the unemployed to consider applying for jobs that require even a modicum of commuting.

MOREOVER... the recent cuts in in-work benefits in general, and the implementation of the WELFARE REFORM ACT in particular, have rendered employment unaffordable!!!

The simple fact is, ***the vast majority of the current jobless*** would much prefer to be gainfully employed... but low wages and the reductions to Working Tax Credits, Housing Benefits, and Council Tax Benefits have driven them deeper into disadvantageousness and despair, and the Welfare Reform Act will only further add to their problems!!!

The *__REAL__* bottom line is...

One CANNOT squeeze a gallon into a SEVEN PINT POT!!!

Britain has a workforce of around 32 million (AND RISING!!!), but our economy at present can only provide and sustain employment for 29.7 million (a record number of whom can only find part-time employment!).

- *And penalizing, persecuting and punishing the jobless with measures such as: the Welfare Reform Act, the Work Programme, benefits' sanctions, and **meaningless** "Work Fair' initiatives such as "Work Experience", because the coalition-government is either too incompetent or uncaring (or both!) to stimulate, revive and grow the economy and create jobs, **will __not__ change this reality one iota!!!***

  Instead of wasting billions of taxpayers money on these ridiculous and ill-conceived window-dressings... Messrs Cameron, Clegg & Co., should be using this revenue to fund projects to stimulate, revive and ***__GROW__*** the economy!!! If they should so do, unemployment will largely take care of itself as the increased demand – that will accompany this – creates new jobs.

There are, therefore, ***only __TWO__ ways*** to reduce unemployment...

1. One, as I have just stated above, is to create new jobs by reviving our floundering economy, and that is not going to happen any time soon... especially with ***__this__*** government... is it!!!...???

2. The other... is to **REDUCE** THE **__SIZE__** OF THE TOTAL WORKFORCE!!!

1.

Reduce (or Rationalize) the workforce

<u>REMEMBER</u>...

	Employed	Unemployed	Workforce
Mid – 2004:	28.2 million	1.4 million	*** <u>29.6</u> million**
End – 2012:	*** <u>29.7</u> million**	2.5 million	32.2 million
After 8½ years:	**<u>UP</u>** 1.5 million	**<u>UP</u>** 1.1 million	**<u>UP</u>** 2.6 million

And the UK workforce is STILL growing... but its economy (and jobs' creation) is not!!!

There used to be a time in the UK, not so long ago, when men were considered to be the "bread winners", and women were the "home makers"! But during the past three decades or so, more and more women have been forced into work through economic necessity to help support the family unit (or, to favour the oft used colloquialism, to *"help make 'ends' meet!!!"*), as men's incomes and earning potentials have been increasingly squeezed!!!

> *The effect on the family dynamic as a result of this during the past 2 or 3 decades has been disastrous as more and more kids feel ignored and abandoned, and become disaffected and disillusioned so that they either turn to drugs, hooliganism and vandalism for solace... or to sex! Or a combination of some or ALL of these!!!*

This, therefore, is very probably the key contributor to the growth in the size of the workforce without which there not now be 2½ million unemployed men and women!

Another is the exponential rise in part-time workers, many of whom are also women, and who also work ***<u>two</u>*** part-time jobs!!!

> *The numbers of part-time jobs and "job-sharing" have grown substantially over the past decade or two due in no small measure, I suspect, to the rise in the rates of Employer NI Contributions to compensate for accompanying reductions in Income Tax rates...*
>
> > *These, effectively, are a **<u>TAX</u>** ON **<u>EMPLOYMENT</u>**, and employers can either avoid or substantially reduce paying their element of NICs by employing and paying two part-time workers instead of just one full-time worker to do the same work!!!*
>
> Given the fact that many part-time workers do ***<u>two</u>*** jobs, redressing this balance by reducing or removing Employer NI Contributions need not necessarily lead to rise in unemployment as employers consolidate part-time jobs into full-time ones, because those workers who currently have two part-time jobs would also consolidate these into one! Additionally, there are many part-time jobs that can only be, and will therefore remain, part-time... such as office cleaners and school dinner ladies, et cetera!
>
> Making it possible for (some) women (either in full or part-time employment) to be able to quit the workforce and become "home-makers" again, will have the dual effect of reducing the size of the workforce as well as vacating jobs for the unemployed. Moreover, with the mother once more returned to the role of being the family bedrock, family cohesion and functionality will return in time and youth crime and teenage parents should largely become things of the past.

Interlink: Personal Taxation, (ALL) Benefits, National Minimum Wage & Basic State Pension

> *We must raise the National Minimum Wage AND reduce the burden of taxation upon those at the lower end of the income scales so that families (especially those with just one income) can become more self-sufficient and less dependant upon in-work benefits.*

The reduction and subsequent savings in "out-of-work" benefits currently paid to the jobless will, of course, be offset in part by a corresponding increase in "in-work" benefits payable to those who take low-paid employment, ***BUT...***

- *If the low-paid are able to **earn more** and are **taxed less,** their disposable income will increase and, therefore, they will not need as much state assistance in the form of "in-work" benefits as they currently depend upon to live and survive, will they!!!...?*

There is no single measure – of which I am aware – that can be employed in isolation that can achieve this result...

- *What is required is a concerted and coordinated overhaul not only of the tax and benefit systems, but also in the rates for the National Minimum Wage and a linking of the three!!!*

My proposal, therefore, is to reform the tax and benefits' systems – consolidating the latter into a new, single system – so that they become more mutually interactive, while at the same time tying in the full adult rate for the National Minimum Wage to both the basic personal tax allowances and the basic upper rate for unemployment benefit.

Fuller details of how I suggest this should be implemented are given below in: #3.; #4.; and #6., but in essence, I propose for 2013-14... *or as soon as is practicable...*

1. increasing the basic starting rate for the National Minimum Wage for the over 21s to £7.50/hour...
2. consolidating all existing benefits (in-work, out-of-work, tax-credits, child-benefit, sickness, and disability-related/etc.) into a **single, means-tested,** benefit system to be called: **"Citizens' Income Guarantee (CIG)"**
3. increasing the basic starting rate for CIG, for the over 25s, to £75/week, i.e.: 10 times the hourly NMW rate
4. setting the basic State Pension (for a single person) to £150/week, i.e.: 20 times the hourly NMW rate
5. increasing the personal tax allowance to £225/week (£11,700/annum), i.e.: 30 times the hourly NMW rate

- ***The relationship between these three should be maintained so that if one increases, so too will the other three to maintain the "1: 10; 20; 30" ratio between all four!***
- *For employers, the increase in the NMW would be offset by the removal of Employers' NI Contributions (see: #7.), Corporation Tax (see: #13), and Business Rates (see: #14), – these to be replaced by a single "Business Turnover Tax" (see: #15)!*
    - *For the UK, the reduction in direct, income tax revenues received would be offset by the **REDUCTION** in both "out-of-work" and "in-work" benefits payable!*
    - *For low-paid employees, the combination of higher NMW coupled with a lower burden of taxation will make them more self-sufficient and less dependant upon state assistance!*

In effect, what I am proposing can simply be likened to putting **"the horse" BACK in FRONT of "the cart"!!!**

Instead of taking money out of consumers' pockets by slashing benefits and increasing taxes, I would put MORE money in their pockets to trigger a consumer-led economic recovery!!!

<u>REMEMBER</u>...

- *The vast majority of the workforce (65+%) earns LESS THAN the UK's national average income of £26,500pa (2012/13), and more than 15% of the UK's total workforce already earns so little that they do not pay any income tax... and most of these do not pay National Insurance either.*

- *Rising prices for oil, food and energy imports (due in no small measure to the weakness of the pound), are already driving these people deeper below the poverty and fuel-poverty thresholds, and the increased tax burden, together with the reductions in benefits effective from 01 April 2013, will severely set-back any prospect of a consumer-led economic recovery!*

What is needed, therefore, is a reversal in the government's current, unimaginative and creatively-challenged, economic policy!!!

3.

Increase the National Minimum Wage (ALL the NMW rates), by at least 20%

In #4 below, I propose consolidating all out-of-work and in-work benefits (JSA, ESA, IS, Sickness and Incapacity benefits, Tax Credits, and Child Benefit) into a new, single benefit system to be known as ***"Citizens' Income Guarantee"*** (CIG), the initial base rate of which would be in the order of £75.00 per week.

The UK National Minimum Wage should be linked to the CIG base rate by setting the full hourly NMW rate for the over 21s as being 10% of the CIG base weekly rate...

So if the CIG base weekly rate is set as £75pw, then the full hourly NWM rate for the over 21s would be £7.50 per hour.

The NMW rate for 18, 19 & 20 year olds would be 80% of the full hourly rate; i.e.: £6.00/hour
The NWW rate for 16 & 17 year olds would be 60% of the full hourly rate; i.e.: £4.50/hour, and...
The NMW rate for first-year apprentices would be 40% of the full hourly rate; i.e.: £3.00/hour

In addition...

I would lobby for a new "Equal Pay for Equal Work" piece of legislation that compelled employers to pay the full adult NMW rate to 16-20 year olds doing exactly the same work, and being just as productive, as their 21yo and older colleagues.

Many companies, to their credit, already do. I used to work as an interviewer in a call centre operated by a market research company called "Synovate", where 16-20 year olds were paid the full NMW rate. My daughter works for a Dickensian-themed attraction in the Medway Towns called, "Dickens World", where they used to practise this policy until the economic downturn compelled the company to reconsider so doing. While at college, my daughter worked for "Dominos Pizza" in Chatham, Kent, where they also paid the delivery drivers the full NMW hourly rate regardless of age! Unfortunately, my daughter – who was 16 at the time – worked the counter there with other girls of her age and was only paid the lower NMW rate... so she left to work as an office cleaner for the full NMW rate, until she finished her college studies and left the cleaning job to go to university.

But for every employer that does pay the top NMW rate for equal work and productivity, there is at least one other that employs teenagers alongside adults – to do exactly the same work – while legally exploiting them by paying them the lower NMW rates!!! This needs to stop!

Remember...

- *The cost to employers resulting from paying higher NMW will be offset by the scrapping of employer NI Contributions, and...*
- *Increased incomes for the low-paid will result in lower dependency on in-work benefits!*

Consolidate ALL current Benefits, except Housing Benefit, into a new, single, interactive and proactive benefit called:

"Citizens' Income Guarantee" (CIG)

Citizens' Income Guarantee -v- "Universal Credit"

First of all, I first mooted the proposition for amalgamating/combining/merging and consolidating ALL existing benefits into a single interactive benefit system way back in 1998 while at college studying law at pre-degree level... and I still have a hard-copy of my original treatise, which I undertook as a course assignment, to prove it!!!

So... How would "CIG" differ from "UC"???

1. Universal Credit only replaces JSA, IS, ESA, Housing Benefit and child & working tax credits; whereas, and with the sole exception of Housing Benefit, my proposal is that CIG should replace ALL existing welfare benefits... including ALL disability/incapacity benefits and Universal CHILD-benefit!

2. UC is capped; CIG would be UN-capped – Housing Benefit, however, would continue to remain so!

3. As mentioned above in para: 1, CIG *does* *not* *include* Housing Benefit, although I do not actually have a problem with this... right up until the early-eighties, rent allowances were included in benefits' payments until the responsibility for assessing and administering claims for housing costs was passed to local authorities, based on the premiss that they have a much better insight and understanding of the local housing market and rents.

4. UC, as I understand it, will have a minimum earnings threshold before the benefit entitlement is gradually reduced, above this threshold, at the rate of 65p/£1 of nett earned-income (after taxation); CIG would not have this threshold, but would instead be reduced by 30p/£1 of **ALL** nett income, and...

5. Similarly, Housing Benefit would also be reduced by 30p/1£ of nett-income *(if Housing Benefit and CIG were combined, in the same way as UC will include housing costs, then the reduction would be at the rate of 60p/£1 of nett income)*

6. Bear in mind, as indicated in previous sections: under these proposals, the tax system, NI Contributions and National Minimum Wage will also be reformed along with the benefits system, so that a single person will be able to earn £225pw (£11,700pa) before taxation, and a couple – with one or both working – will be able to earn £450 (£23,400pa) before taxation... with no NIC to pay, in both instances!

- The "Base Rate" for CIG, payable to a single adult, would be tied to: the full adult rate of National Minimum Wage; (CIG*); the basic, single person's, rate of State Pension; and the basic, single person's, Personal Tax Allowance... the ratio of these being 1 (hourly NMW): *10; 20; 30, respectively, so that as one goes up, so too will the others, and...
- All other rates of CIG will be percentages (in multiples of 20%) of the "Base Rate", so that as this increases, so too will all the other rates
- The same age and hours-worked rules for eligibility for Working Tax Credit will also apply to in-work CIG
- Unlike WTC, whereby awards are assessed annually based on the previous year's earnings, CIG and HB will be assessed monthly, based on the previous 4-weeks income and paid the following week.

<u>Citizens Income Guarantee</u>

> A national benefit system should ***not only*** provide a "safety net" for those of its citizens who have fallen on hard times, ***but it should <u>also</u>*** provide them with a "springboard" back to partial or full independency!!!

The biggest single problem with the UK's current benefits' systems is that they are too ***diverse*** and ***fragmented*** and over-burdened with excessive **bureaucracy** that often requires claimants to apply to a variety of different departments to obtain the entitlements they need...

- A lone-parent, for example, will need to claim Income Support or ESA, as well as Child Tax Credits and Child Benefit. If he or she has a disability and also requires help with the cost of home care, this bureaucratic labyrinth can become nightmarishly confusing to negotiate!!!

It is proposed that **Citizens' Income Guarantee** should be a single benefit system that replaces all other benefits currently active, such as, but not necessarily limited to: **contribution-based & income-based Job-Seekers' Allowance; *Employment & Support Allowance; *Child & Working Tax Credits; *Pension Credit; *Income Support; *Child Benefit; *Incapacity Benefit; *Severe Disablement Allowance; *Disability Living Allowance; *Attendance Allowance; *Carer's Allowance, et cetera.*

> *In #9 below, I propose that Council Tax should be abolished, so Council Tax Benefit is not included in CIG. It is further proposed that the administration, assessments and awards of Housing Benefit should continue to remain the responsibility of local authorities.*

- **"Citizens' Income Guarantee"** is so named because a claimant's ***<u>maximum</u>*** entitlement to it is calculated upon the premiss of how much the ***<u>minimum</u>*** amount of money he/she – and his/her dependants if applicable – needs, if he/she has no other source of income.

- To receive the maximum CIG entitlement, therefore, the claimant and any dependant(s) would have to be either unemployed, or unable to work because of sickness or severe disability/incapacity.

- If working in low-paid employment, the claimant's CIG entitlement would then be reduced by 30% (30p/£1) of the claimant's disposable earned &/or unearned income (nett of income tax) subject to meeting the eligibility criteria...

Eligibility criteria for continued in-work CIG support

Circumstance	Hours-worked per week to qualify
Single adult aged 25-60	Must work at least 32 hours per week
Single adult aged 60+	Must work at least 16 hours per week
Couples – with at least one aged 25+ & no children	Must work at least 32 hours per week, solely or jointly
Couples – with at least one aged 18+ & with at least one child	Must work at least 24 hours per week... if both working, one must be working at least 16 hours per week
Single parent – with at least one child	Must work at least 16 hours per week

Example:

> If a claimant's maximum CIG entitlement was £210pw, and he/she had an earned disposable income of: £240 (nett of taxation), his/her CIG entitlement would be reduced by 30% of this income – i.e.: £240 x 30% = £72.00; therefore, CIG: £210 - £72 = £138.00 (Saving the UK £72 of CIG per week). So: £240 + £138 = £378.00 total income.

If the claimant is also a tenant and, therefore, in receipt of Housing Benefit (HB), this would also be reduced by 30% (30p/£1) of the claimant's disposable earned &/or unearned income (nett of income tax) and subject to the same eligibility criteria for continued in-work CIG support, BUT – unlike the current system whereby Working Tax Credit is also considered to be "income" and is included in the HB calculation, this would no longer e the case. So if the above claimant's rent was £120.00 per week, his or her HB entitlement would be reduced by 30% of his or her £240.00 nett weekly income. Therefore, his or her HB would be reduced by £72.00 and he/she would continue to receive weekly HB of: £48.00.

Therefore:

> This particular claimant would earn take-home pay of: £240pw; receive: £138.00pw in-work CIG and £48.00pw HB giving him/her/they a total weekly income of £426.00pw, LESS rent of £120.00pw = disposable income of £306.00pw, and will be £66.00pw better off in-work than out-of-work.

The **"base"** CIG, *from which **all** CIG entitlement would subsequently be calculated,* is defined as the amount a single, out-of-work adult (aged: over 21) needs each week. In other words, this would replace a single adult (aged: over 21) person's Job-Seekers' weekly allowance.

> Assuming CIG was implemented in time for the financial year commencing, April 2013; this **base** figure would initially be set at: £75pw (10 x the proposed new, full adult hourly rate for National Minimum Wage).
>
> All other CIG adjustments for age, dependants, special personal circumstances, etc., would be calculated as fixed percentages, in multiples of 20%, of this base figure. Therefore, when the CIG base-figure is adjusted (either increased or frozen) the adjustments are automatically adjusted as well.
>
> NOTE: The National Minimum Wage full hourly rate, as defined above in #3, would be the equivalent of 10% or one-tenth of the CIG weekly base-figure. Therefore, if the CIG base-figure (for over 25s) was £75 per week, the full hourly NMW rate for over 21s would be £7.50/hr.

Weekly CIG Rates

Claimant's Circumstances	**% of CIG**	**Adjusted CIG amount**	**Notes**
Aged: 25+	100% CIG	£75.00	Basic single adult's CIG if unemployed. Also replaces Pension Credit to top up partial State Pension.
Aged: 18-24	80% CIG	£60.00	Age adjusted single adult's CIG if unemployed.
Aged: 16-17	60% CIG	£45.00	Age adjusted single adult's CIG if unemployed, subject to qualifying conditions.
Aged: 16-19	40% CIG	£30.00	If in further education (i.e.: 6th form or college)
Couple both aged 18+	160% CIG	£120.00	Also replaces Pension Credit to top up partial State Pension for couples.
Couple both aged 16-17	140% CIG	£105.00	Only applicable if married and living independently of one or the other's parents, and at least one is in full-time employment.
Dependant children – Note: Payments reflect removal of Child Benefit (see: 11)			
Family supplement	40% CIG	£30.00	Payable to single-parents and couples with at least one child (**one** weekly supplement per family only for as long as there is at least **one** qualifying child)
Per child	60% CIG	£45.00	Payable for each child up until one day before his/her 16th birthday, or up until one day before his/her 20th birthday while in further education (i.e.: 6th form or college, but not university)
Single-parent supplement	20% CIG	£15.00	Payable only to claimants aged: 18-24
Additional Payments, subject to eligibility			
In-work travel supplement	20% CIG	£15.00	To qualify, the claimant must be working the minimum number of hours required to be eligible for in-work CIG

			payments, and have to travel more than 3 miles from their home to their place of employment.
Over-65s fuel supplement	100% CIG	£75.00	3 payments of £75/pcm only... payable in December, January & February (replaces the "Winter Fuel Allowance")

- *The above illustrates how CIG would **replace:** contribution-based & income-based Job-Seekers' Allowances; Employment & Support Allowance; Child, Pension & Working Tax Credits; Income Support, and; Child Benefit, etc.*

- *The above rates would also apply to the physically &/or mentally impaired, with* **additional allowances** *and supplements – rising in 10% or 20% increments of base CIG assessed according to claimants' needs – to **replace:** Incapacity Benefit; Severe Disablement Allowance; Disability Living Allowance; Attendance Allowance; Carer's Allowance; and mobility and "motability" allowances, etc.*

Based on the above scale, an unemployed 18+ couple (married or living as if married) with two children under sixteen years of age, would be eligible to receive £120 + £30 + £45 + £45 = £240.00pw + HB.

> *Remember... under these proposals, Local Authority revenue (Council Tax) collection would be abolished!*

This is the maximum amount of CIG the example couple can receive for their circumstances.

If one becomes employed, and he or she meets the minimum weekly working hours requirement to qualify for continued CIG support, and he or she works more than 3 miles from their home, they will also qualify for the travel supplement of £15 (20% of base CIG) to bring their maximum in-work CIG entitlement to £255 per week.

As stated above, this figure would then be **reduced by 30 pence** for every £1 of disposable income the claimant has coming in from work and any other unearned income, as would the claimant's Housing Benefit entitlement.

Restore FULL Housing Benefit (WRA repealed)

The simplest and best way by far to reduce the Housing Benefit bill and the welfare budget overall is, of course, to stimulate, revive and ***GROW*** the economy to increase consumer confidence, demand and expenditure, thereby creating sustainable jobs which, in turn, will reduce unemployment which will, in turn, further increase consumer confidence, demand and expenditure which will, in turn, create ***more*** jobs and further reduce unemployment...!!!

It is ABSOLUTELY RIGHT that there needs to be CAPS on Housing Benefits' claims!!!

BUT...

"Counting bedrooms", and dispossessing tenants of their home and security of tenure while forcing them to dispose of their belongings and treasured possessions by compelling them to "down-size"...

***IS NOT* the way to do it!!!**

Assuming the Welfare Reform Act is successfully repealed, **AS IT *NEEDS* TO BE,** I propose that full HB should be 100% of a claimant's rent, conditional upon meeting a maximum claim criteria that would be based upon his/her/their CIG entitlements, to wit...

For those renting social housing (council & housing association properties, etc.)...

- HB entitlement for Lone Parents (with children), childless/dependant-free couples, and families (couples with children/dependants) would not be able to exceed their maximum CIG entitlement (as set out above in #4)

- HB entitlement for single, dependant-free, persons aged 25 & over, would be the same as for childless/dependant-free couples CIG "upper rate"... i.e.: not exceeding the childless/dependant-free couples aged 18 & over, CIG entitlement (as set out above in #4)

- HB entitlement for single, dependant-free, persons aged 24 & under, would be the same as for childless/dependant-free couples CIG "lower rate"... i.e.: not exceeding the childless/dependant-free married couples aged 16/17, CIG entitlement (as set out above in #4)

- Some upward flexibility on these limits would be allowed for the mentally and physically impaired with special needs

For those renting private-sector properties (private landlords)...

Essentially, assessments for HB entitlement will initially be governed by the criteria applicable to social housing properties as set out above, and providing a claimant's rent falls within the relevant threshold, his/her/their claim would not be affected.

It is, however, extremely rare for local private-sector rents to be "in parity" with those for social housing... typically, like for like private sector property rents are usually around some 40-60% higher! This being so...

- New Housing Benefit claims will be paid IN FULL for the first year only, providing the new claimant(s) has: 1) rented and resided in the property for which he/she (or they) is claiming for at least six calendar months, and; 2) has resided in the area for at least one full year prior to the claim... or has moved into the area because they have employment or family connections therein... or where the move has been to larger property where this can be shown to be necessary to accommodate a growing family... or is renting his/her first home... or is renting because he/she has separated from his/her spouse/partner

  This is to ensure existing claimant's do not abuse the system by taking the opportunity to move to more luxurious, high-end accommodation in "up-market" areas at the state's expense!!!

- *Obviously, not every possible scenario or variation to these factors can be anticipated, and so the merits of some individual claims will have to be assessed accordingly*

This said and thereafter, for existing claims...

- A claimant's Housing Benefit entitlement would be limited to 15% above the mean average for private-sector rents within the District Council's boundaries in which he/she (or they) resides, and...

- In general, most Housing Benefit claims would be subject to a ceiling of either £450 per week (60 times the proposed NMW full-adult rate of £7.50, or the claimant's CIG entitlement, whichever is the greater...

- However, some weighting on the £450 limit, where applicable, would be permissible where the property is located in high rent areas and no cheaper alternative accommodation or suitable social housing that meets the claimant's needs is available

Once a claimant's maximum HB entitlement has been assessed, this would then **be reduced by 30% (30p/£1)** for every £1 of earned &/or unearned income (excluding CIG) they have coming in from work and other sources, such as: interest on savings, share dividends, etc., but not from state &/or private pensions.

So if a family's total income from work and other income streams is, say, £300.00 after taxation, they will lose: 300 x 30p = £90.00 from their HB entitlement.

- After they have paid their share of the rent, they will be left with: £210.00 earned income + whatever their (earnings reduced) CIG entitlement maybe... and with NO COUNCIL TAX to pay if this is abolished as I propose (below – in #9) it should be.

6.

Reduce the tax burden on people's incomes

(Increase **both** Personal Allowances **and** the standard-rate of taxation)

**** "Reducing the tax burden on people's incomes"* ***does*** ***<u>not</u>*** ***mean*** *reducing "Income Tax Rates"!!!*

In fact, I propose ***<u>DOUBLING</u>*** the standard-rate of Income Tax to ***<u>40%</u>*** (40p/£1 of taxable income)... *this to include Employees NIC (see: proposal #7, "Abolish National Insurance Contributions") & Council Tax (see: proposal #9, "Abolish Council Tax")*... while at the same time ***increasing personal allowances*** to favour the low-paid (and consequently reducing their "in-work" benefit dependency!!!).

- Above, in #4, I propose a new, single, "one-fits-all" benefit system to replace ALL current, existing benefits – Job-Seekers' Allowance; Child Benefit; Child & Working Tax Credits (including the Child-care element of WTC); and all disability and disability living allowances related benefits, etc.
- This new, single benefit system would be called "Citizens' Income Guarantee" (CIG).
- At its core would be a "CIG base-figure", which initially would be set at £75 per week, if this system were to be introduced either in: April 2013 or April 2014.
- All other allowances/elements would be calculated as set percentages of this CIG base-figure, so that as the CIG base-figure is either frozen or increased annually in subsequent Exchequer Budgets, so too would the other allowances/elements be similarly affected.
- Ultimately, I propose that the Income Tax personal allowance, along with the National Minimum Wage (see: #2), should also be tied to this base-figure... so that the Personal Tax Allowance would be **three times greater** than the CIG base-figure, and this too would freeze or rise at the same rate to maintain this ratio between Personal Tax Allowances & the CGI basic rate
- What this means is... if the CGI basic rate was £75 per week, the Personal Tax Allowance would be £225pw, or £11,700.00 per annum.

Moreover... I would make ***personal allowances <u>transferable</u>*** between couples, whether married or in a civil partnership, in whole or in part and in increments of 10 or 20 per cent (to a maximum 100%, of course)!

<u>NOTE</u>...

- *Many self-employed already do this!!! They claim their (otherwise non-working) spouse or partner is either a business partner or an employee, simply so that they may off-set their spouse's or partner's personal allowance against their own tax position!!!*
- *If the self-employed are able to do this... why should those in PAYE employment, with a non-working spouse or partner to support, not also be able so to do!!!...???*

So how will this help to reduce unemployment???

During the early-eighties, some 10 million working women accounted for around 40% of a workforce of some 25-26 million. Three decades later, some 14 million women now make up almost half of a British workforce that now numbers some 32 million! In other words, most of the increase in the size of the UK's workforce during the past 30 years can be attributed to the increase in the size of the female workforce during the same period... with the rest of the workforce expansion being due to the inflow of migrant workers from our EU neighbour states!!!

Had this ***<u>not</u>*** occurred, British unemployment would now be ***<u>below</u> 1%...*** and people – men and women alike – would feel ***considerably more secure*** in their jobs!!!

There was a time when the "traditional" family comprised a "bread-winner" and a "home-maker" who raised the children!!! But today, low wages and job insecurity, couple with increased burden of taxation and the removal of the marriage allowance, have compelled many women with families to take up employment in order to help "make 'ends' meet"!!! This, in turn, has also not only increased the size of the workforce beyond the economy's capacity to provide and sustain full employment, but it has also resulted in men's inability to be, any longer, the sole provider for their families!!!

Worse still... without mothers at home to be the bedrocks of the family unit, as they once were, family values are disintegrating and families are becoming dysfunctional; and our subsequently disenfranchised youth are increasingly roaming our streets, often in gangs, causing mayhem and havoc for their neighbours and others... or seeking solace in sex!!!

Many working mothers are now saying the burden of taxation, child-care costs and travel costs is making it economically-inviable for them to remain in employment, because what they have left in their pockets is too minuscule to have an impact on their family finances or to make working worthwhile. This might seem like a fortuitous turn of events because it will vacate jobs for the unemployed... but should it come to pass, it will increase the demands on the already excessively over-stretched, “in-work” benefits budget!!!

So what can be done???

I say, if we...

1. Increase the personal tax-free allowance to £11,700 (£225pw), and...

2. Make personal allowances transferable, in whole or in part, between spouses and partners, and...

3. Merge employees NIC with Income Tax and ***<u>DOUBLE</u>*** the standard-rate of taxation to 40% (40p/£1 of taxable income)...

Then...

> *A man who earns average pay (currently around £26,500pa) and who uses his wife's or partner's Personal Tax Allowance in addition to his own, would have a combined PTA of £23,400 to produce a Taxable Income of £3,100pa and, at 40% standard-rate taxation, he would only pay £1,240 in Income Tax that year!*

Similarly... couples where one earns, say, £15,600pa (£300pw) would be able to use part of his or her spouse's or partner's Personal Tax Allowance, to pay no income tax whatsoever; while his or her spouse or partner uses the remaining portion of their PTA to offset the tax due on any income they earn from whatever part-time employment they may undertake.

These simple measures may not completely eliminate a family's dependency on “in-work” and housing benefits, but they will ***substantially reduce*** their need for this assistance and ***<u>save</u> the nation <u>more</u>*** than it will lose from reduced Income Tax, NIC and Council Tax receipts!

In addition...

The withdrawal of personal allowances from those earning more than £100,000 would be rescinded, as would be the flat rate 45% tax on ***all income*** levied on those who earn more than £150,000pa.

Instead

- The standard-rate of income tax would be **40%** on the **first** £250,000 pa of taxable income
- The higher rate of income tax would be **45%** on **ALL** taxable income when this exceeds £500,000pa
- And there would be a **INTERIM** tax rate of **50%** payable on taxable income between £250,000 & £500,000pa

  The effect of this will be that a couple with one working and the other not, and with the working one using his or her spouse's or partner's PTA in full, in addition to his or her own *(based on a PTA of: £11,700pa)* will be paying...

  00.00% income tax on their **total** annual income up to: £ 23,400.00pa...

  10.05% income tax on their **total** annual income when it reaches: £ 31,250.00pa...
  25.02% income tax on their **total** annual income when it reaches: £ 62,500.00pa...
  32.51% income tax on their **total** annual income when it reaches: £125,000.00pa...
  36.26% income tax on their **total** annual income when it reaches: £250,000.00pa...

They will not start paying the (50%) INTERIM tax rate until their total income exceeds £273,400.00pa

(Remember... <u>NO</u> NIC, <u>NO</u> Council Tax, & <u>NO</u> TV License to pay!!!)

Bearing in mind that the vast majority of the UK workforce earns considerably LESS than the average annual pay for 2012 of £26,500...

- *the loss of income tax revenues from the lower paid will be compensated by the abolition of Universal Child Benefit (see: #11, below) and a reduction in dependency on in-work benefits.*
- *the greater disposable income in the pockets of the lower paid will result in increased consumer spending which will boost revenues from indirect and business taxation...*
- *this, in turn, will kick-start and grow the economy to recovery which will further increase indirect tax revenues, and...*
- *will reduce unemployment and, therefore...*
- *the reduced burden of out-of-work benefit payments will further compensate for the loss of income tax revenues from the lower paid!*

7.

Abolish (employees' and employers') National Insurance Contributions

As the age-old maxim quite rightly teaches us, *"A rose by any other name is still just as thorny", a*nd insofar as so-called "National Insurance" is concerned...

> ***There is not now, nor has there ever been, such thing in this country as a state run "National Insurance" scheme or fund!!!***

None has ever existed, and it is extremely unlikely that one ever will!!! So-called "National Insurance" is purely an abstract notion existing in idea and concept only, and NI Contributions are in fact merely another form of ***direct taxation,*** which is why NI contributions are frequently increased when the standard-rate of income taxation is reduced***!!!***

- For ***employees,*** NI Contributions are nothing more than another tax on their income!
- For ***employers...*** Employer NI Contributions are a ***tax on employment!!!***

Because employers NI Contributions ***<u>are</u>*** a ***<u>tax</u> on employment,*** full-time jobs are becoming scarcer and part-time employment is on the rise, as many employers are now opting to replace full-time workers with part-time workers (on a "2 for 1" basis) to reduce their NIC commitments! As a result, revenues from both employee and employer NI Contributions are falling while Income Tax revenues are plummeting and In-Work benefits' spending is rising exponentially!!!

According to Treasury figures, Income Tax & NIC receipts for the fiscal year: 2011-12, amounted to £154bn & £104bn respectively.

Based on these figures, if National Insurance were to be abolished, then...

- increasing the standard-rate of income tax by around some 10p/£1 of taxable income (with the loss of NIC payable between the lower NIC threshold and the increased PTA being offset by the effective removal of the NIC upper threshold) should MORE THAN compensate for the loss of the revenue stream from ***employee*** NIC, and...
- the loss of revenue incurred by the abolition of ***Employers*** NIC can be compensated by the introduction of a fixed percentage, "Business Turnover Tax" (see: #16, below) which will be a variable cost in a company's overhead, and will enable employers to ***employ more people*** as well as ***pay higher rates*** of National Minimum Wage!

If implemented correctly, and in conjunction with all the other measures set out herein, the abolition of National Insurance ***will <u>not</u>*** result in any loss in UK tax receipts, but ***will <u>REDUCE</u> the Welfare Budget!!!***

8.

Link the Basic State Pension to: NMW; CIG (Basic Adult Benefit Rate); & the Personal Tax Allowance

If National Insurance Contributions were to be abolished as a separate form of direct taxation on earned income, and the standard rate of Income Taxed increased to 40% (40p/£1 taxable income) to compensate, then it follows that some other means to assess one's level of entitlement to the State Pension would need to be introduced.

This notwithstanding, my proposals, as set out above in #2, to forge an inviolable ratio between: the full adult rate of National Minimum Wage (NMW); the basic (full, single-adult) adult rate of Citizens' Income Guarantee (CIG); the basic (full, single-adult) State Pension, and; the (full, single-person) Personal (tax-free) Allowance, of: 1: 10; 20; 30, respectively, would set the State Pension for a single person at: 20 x full adult rate of NMW; 2 x basic CIG; and two-thirds of the Income Tax Personal Allowance.

This would, if the full adult rate of NMW were £7.50 per hour, set the basic State Pension at £150 per week for a single person.

Couples, married or otherwise, would receive 60% more... that is: £240 per week.

Should a person's or couple's State Pension entitlement be less than these figures, and they had no other income stream *(e.g.: from: paid employment; interest on savings; or any income from rents, or; stocks and shares, et cetera, but **not** counting any income from private pension(s) he, she or they may have),* then he, she or they will be able to claim additional CIG support at the rate of 70p for every £1 of pension shortfall and full Housing Benefit (if applicable and subject to the HB eligibility rules as proposed above in #5).

Any earned or unearned income, other than from a private pension(s), will, of course, affect CIG and full HB eligibility.

9.

Abolish Council Tax

Think of a man going to his bank and taking out a £200,000.00, interest-only, personal loan.

The loan is ***"interest-only",*** which means that he only makes monthly interest payments on the money, to his bank, until such times as he returns the amount he has borrowed in full.

In effect, he is only *"<u>RENTING</u>"* the money!!!

Now imagine the tax-man or local authority coming along to him and saying, something along the lines of, "You have two hundred-thousand pounds in your possession... and we do not have any record of you paying any tax on the ("liquid") asset!!!"

The man, quite rightly, would protest, "But it's not mine!!! It ***doesn't belong*** to me!!! I'm only ***borrowing*** or ***'renting'*** it!!!"

In effect, millions of tenants up-and-down the country are being taxed on an asset that ***does <u>not</u> belong*** to them... the home they merely rent and shall probably never own!

And home-owners have already paid enough taxes, earning the money necessary to buy their property... so is it fair that they should be taxed again for securing their future!!!...???

- *And is it fair that someone with a multi-million pound income who owns a multi-million pound mansion set in a multi-acre estate should only pay* ***double*** *the council tax than that paid by someone who earns no more than average pay and who is either renting or buying, or has bought, a more modest 3-bed semi!!!...???*

According to Treasury figures, Income Tax & Council Tax receipts for the fiscal year: 2011-12, amounted to £154bn & £26.3bn respectively.

The amount of annual Council Tax revenue collected is the equivalent of no more than around 25-30% of the revenue collected through the standard-rate (20%) of income tax! In other words... an increase of between 5p and 6p on the standard-rate of income tax (from 20p/£1 to between 25p & 26p per pound) should be sufficient to fund our local services... especially as so much of their budget is spent in collecting the Council Tax in the first place!!! Similarly, a further ½-1 penny/£1 on the standard-rate of income tax would fund the police precept one additionally has to remit to one's local authority!

- *And, of course, no Council Tax means* ***<u>NO</u> Council Tax Benefit...*** *and this, in turn, would result in further local authority administrative savings!!!*

Additionally, the "Business Turnover Tax", proposed in #16 below, will also apply to residential rents, and BTT revenue collected thusly from landlords could also become part of the local authority funding budget.

I propose that 50% of the revenue collected in this manner should be distributed to the local authorities on a "per capita" basis *(as determined every ten years by the national Census),* 33.33% should be distributed proportionately according to the physical area within each local authority's boundaries for highways and infrastructure maintenance etc., and the remaining 16.67% should be allocated on a "special needs" basis in the form of rural and urban development and employment generation grants.

> *Just to be clear about this, for the avoidance of doubt and confusion, what I am proposing here is the replacement of local authority revenue raising powers with a* ***"local income tax"*** *to be collected by Central Government via an increase in standard rate taxation on earned and unearned income.*
>
> *Local authorities, of course, will still retain the power to set their spending budgets.*

10.

Increase the child-age threshold when single-parents have to seek employment

If you want to reduce teenage crime, delinquency, hooliganism, and pregnancies...
give this proposition some consideration...

I used to be a single-parent, from my divorce at the end of 1996 – when my daughter was one month away from her 9th birthday – until she reached adulthood. I went to college in '97-'98, and resumed working in autumn 1998, when my daughter was 10 years old. At the time, fortunately, my ex-wife and I still shared the family home until she re-married in mid-2000 and moved out, so we were able to share parental responsibility for our daughter up until then. Had it not been for this, I do not know how I would have provided child-care for my daughter while she was still attending primary school.

Itemised below are rule changes that have affected single-parent benefits over the past half-decade or so...

- from October 2008, a single-parent whose youngest child was aged 12 or over, had to seek employment...
- from October 2009, a single-parent whose youngest child was aged 10 or over, had to seek employment, and...
- from October 2010, a single-parent whose youngest child was aged 7 or over, had to seek employment.

I, obviously, was unaffected by these changes to the rules because I was a single-parent before they came into effect, and so I was a working single-parent long before it became compulsory so to be.

I therefore do not disagree with this measure in principle.

I do, however, believe that not all single-parents have access to the necessary support circle of their neighbours, friends and extended family to assist them to look after their children while they are at work and their children are not at school, especially during the schools' holiday periods; and for many, the cost of child-care provision is too prohibitive even with state assistance.

For these reasons, I would propose ***raising*** the youngest child-age threshold, when a single parent has to begin seeking employment, ***from 7 to 11 years of age*** – at which time the child is due to begin his or her secondary education, and he or she is of an age when he or she is less dependent upon adult supervision.

Another reason why I believe we should do this – although I do not know if this concern is entirely justified – is that most children of single-parents have already been abandoned by one parent, and forcing the one remaining parent to abandon them as well – as a seven-year-old may well perceive it so to be – may cause the child to turn turn to crime or sex, or both, for attention &/or solace!!!

This, of course, further reflects the observations and concerns I have previously expressed above regarding the breakdown in family cohesion during the past 30 years or so.

11.

Abolish Universal Child Benefit

Now I know this is a potentially contentious issue, but why should the childless have to support other people's children... especially those of single-parent mothers who had kids simply to qualify for social housing and to avoid working for a living... or for the children of those in employment who earn considerably more than the rest of us!!!...?

The abolition of Child Benefit ***will*** ***<u>not</u>*** adversely affect either the jobless (in receipt of maximum CIG), or low & middle income families (in receipt of in-work CIG).

Insofar as the latter is concerned, a family comprising two parents and two children with a combined income of £48,000 per annum gross (before taxation) would still be eligible to receive CIG of £35 per week, and – with the "30p/£1" "taper" – they would have to earn another £10,000/annum gross before they were no longer eligible to receive any CIG.

Moreover, families would compensated, in part, for the removal of Child Benefit by the proposed abolition of Council Tax (see: #9 above) and the "Telly Tax" (see: #12 below), as well as by increased (CIG) benefits' rates (see: #4 above).

12.

Abolish the TV license (the "telly tax"!!!)

This may not at first glance seem appropriate or relevant, but this measure would – ***immediately*** upon implementation – put an extra ***£3 per week (£150 per year!)*** in to ***almost*** every households' pockets... the exceptions to this being, of course, the habitual license dodgers!!!

Let's face it, as with employee National Insurance Contributions, the age-old truism quite rightly teaches us, *"A rose by any other name is still just as thorny"!* And just as the "Road Fund License" is often more accurately and aptly dubbed, the "Road Tax"... so too is it more accurate and appropriate to call the television license, the "*telly tax"!!!*

This tax is ***unfair, unjust, inequitable*** and ***obscene,*** because it is not means-tested and therefore discriminates against society's vulnerable and least well-off.

Is it fair that a banker or company executive earning £-millions/annum from salary and bonuses, and who lives in a £multi-million mansion on a multi-acre country estate, and which has a dozen or more bedrooms with a television in every one, should only pay the same amount of telly tax as a family living in a modest terraced house on a run-down council estate who have to survive on a minimum wage income and tax credits, or a retired couple living on a state pension for whom the television is their primary, if not sole, source of entertainment!!!...???

For a single unemployed person, the telly tax is TWO WEEKS JSA!!! For many, including pensioners, the annual telly tax represents an entire week's disposable income... for a back bench MP, it is equivalent to a day's take home pay... and for some bankers, responsible for the Global Economic Meltdown, it is less than an hour's pay or half a day's pension!!!

> ***But who is it who ends up in court receiving a conviction and a fine of up to £1000.00 for non-payment!!!...???***

The BBC currently spends around £50million per annum chasing the telly tax dodgers (not including what it spends on producing its license marketing campaigns) but it only recovers about one-third of this amount annually in recovered license fees. Is it worth the effort!...?

And why is it necessary for the BBC to maintain so many TV and radio channels??? BBC3 & 4 could easily be combined... as could CBBC and C-Beebies. Moreover, they could all share a single TV channel, with children's television programmes being broadcast: 7am-7pm – as they are at present – and with the combined BBC3 & 4 programming being broadcast: 7pm-7am.

The money the BBC saves in broadcasting costs could then be diverted to producing more and better drama and entertainment, the quality of which has been in slow decline during the past decade or two as they have spread their budget too thinly between too many TV platforms and channels!!! The 40+ BBC local and national radio stations could easily and similarly be rationalized by replacing them with regional radio stations that serve the same areas as the 15 or so TV regions.

Terminating/abolishing the telly tax will put an *extra £3 per week* in to pensioners' pockets and desperate households' budgets, and could either be replaced by direct government funding from tax revenues (the BBC's annual budget represents less than 1p on the current standard rate of income tax!!!), or by a "duty" chargeable on broadcast advertising revenues... that is, a tax on all advertising revenues generated by commercial television and radio broadcast companies, including revenues received from commercials broadcast on their "i-player" sites, but not on advertising space in printed media or other mediums.

13.

Discouraging tax avoidance

As mentioned above in #6, the self-employed often claim their (otherwise non-working) spouse or partner is either a business partner or an employee in their business so that they can offset their spouse's or partner's personal tax-free allowance against their own tax position to reduce the tax they pay... and they use "creative" and "false" accounting practices either to reduce their income tax exposure, or to avoid paying any income tax whatsoever!

One example of this that I can cite involves a retired couple (now deceased) from whom I once, many years ago, rented one of several bedsitting rooms in their house. They jointly owned their property and the business, so there was nothing wrong with them using both of their personal allowances and the marriage allowance (which still existed during the early years of the "eighties") to reduce their income tax exposure. But they did not declare their full income from rents and, amongst other things, they wrote down their gas and electricity bills in full, without deducting their personal usage as well as neglecting to declare revenues and profits received from the over-charging meters in the rooms they let... and they claimed "rent" for an office that was located in their living quarters without declaring this "rent" as income!!! The result of these, and other "fiddles" and false claims their accountant creatively employed, was... they paid no tax on their income!!!

The owners/directors of small to medium sized limited liability British companies often pay themselves inflated salaries and huge annual bonuses to reduce their profits to reduce their Corporation Tax exposure on these.

Large, listed, Public Liability Companies (plc) deny the UK its rightful dues by incorporating their companies' overseas, where corporation tax rates are lower.

The self-employed (whether sole-traders or partnerships), and registered companies (both "Ltd" and "plc" alike), use these ***"creative" and "false" accounting*** practices &/or other tax loopholes to avoid paying UK tax on their profits! They do this sort of thing all the time, and it deprives the nation of billions of pounds of much-needed revenues, leaving it to others – who do pay their taxes – to have to make up the difference!!!

> The way to ***discourage*** ***creative accounting*** and tax avoidance is to ***remove*** the opportunity for it to be of any value to the self-employed and registered companies alike!!!

How...???

> By abolishing Corporation Tax, and by introducing a "Business Transaction Tax" (BTT) leviable on ***all*** turnover (income) derived from the sale of assets, goods, and the provision of services!!! See: #14 & #16, respectively, below.

14.

Abolish "Advance Corporation Tax" (ACT)

According to: http://www.adamsmith.org/blog/international/a-map-of-eu-corporate-tax-rates, Britain has one of the highest rates of Advance Corporation Tax *(the tax an incorporated company has to pay on its nett profits, or Gross Taxable Profit, before it pays these to its shareholders in the form of dividends)* in the EU, and the result is... many British companies are re-registering either in Switzerland or with one of our EU neighbour states where ACT rates are substantially lower.

Of those that remain, many companies find ways, via creative accounting, to reduce their nett profits and, by so doing, their exposure to ACT.

By abolishing ACT, or reducing it to 0%, these activities will be rendered wholly ineffective.

Instead of ACT, a tax on turnover (not to be confused with VAT) would ensure the UK's finances received a revenue stream from every transaction occurring within its shores that would be far greater than, between double and triple, the income from ACT it would replace!!!

*** Details of my proposed *"Business Turnover Tax"* will be found in #16, below.

15.

Abolish Business Rates

Insofar as Business Rates are concerned... (aside from the fact that some £25.7bn in business rates was raised during the 2011-12 fiscal year) I have insufficient knowledge of how these are levied to give an informed commentary of these.

That said, however, there seems to be a lot of new business start-ups and established small businesses who are struggling to survive because of the burden of having to pay disproportionately higher business rates on modest premises (compared to those paid by medium to large businesses occupying considerably bigger premisses) and which takes no account of their revenue stream! This is not a recent phenomenon... it has been ongoing situation since the *"poll-tax"* débâcle of the late-eighties/early-nineties!

I believe a "Business Turnover Tax" (see: #16, below) – which would be a tax on every transaction a business makes in relation to the sale of goods/services/assets – would be a much fairer means to replace this unfair, disproportionate, and commercially disadvantageous local authority revenue stream!

It may even bring some retailers back to High Streets, and enable others to open new outlets with a corresponding increase in employment!!!

Introduce a new, 6% "Business Turnover Tax" (BTT) – 10% for the Self-employed

First of all... it is important that this proposal for a *"Business Turnover Tax" (BTT),* is not confused with Value Added Tax (VAT).

For those of you who do not fully understand how VAT is actually collected, here is a simplified example of how the system works. To avoid unnecessary confusion, we will assume that the VAT rate for all the sample transactions is the current top 20% rate...

- Company 'A' is a manufacturer that sells its products to wholesaler 'B' for £10,000 plus £2,000VAT.
- 'B', in turn, sells these products to retailer 'C' for £12,500 plus £2,500VAT.
- 'C', in turn, sells these goods to its customers for £17,500 plus £3,500VAT.

The total value of all these transactions – excluding VAT – is: £10k + £12.5k + £17.5k = £40,000

You might, therefore, be forgiven for thinking that the total VAT collected would be 20% of £40k, or £8,000... but this is ***NOT*** how VAT works!!!

- 'B' collected £2,500VAT from 'C', but paid £2,000VAT to 'A'... so 'B' deducts the £2k it has already paid to 'A' from the £2.5k it collected from 'C', and that leaves £500VAT that 'B' now owes to Her Majesty's Revenue & Customs.

- Similarly, retailer 'C' has collected £3.5k in VAT from its customers, but has already paid £2.5k in VAT to wholesaler 'B'... so 'C' deducts that £2.5k from the £3.5k, and that now leaves £1,000VAT that 'C' owes to Her Majesty's Revenue & Customs.

So HMRC receives: £2,000 VAT from 'A'; £500 VAT from 'B'; and £1000 VAT from 'C'... and this totals: £3,500 (which is considerably less than 20% of the total £40,000 of transactions that have taking place between these companies and the end consumers!!!

The above, as I have said, is a simplified example. There are also a number of other transactions that take place between a company and its suppliers where the company itself is the end user, and so does not sell these goods and services it uses on to its customers. Things like office supplies, electricity, delivery & transport costs, telephony services, cleaning, etc. ALL of these attract VAT that the company has to pay to its suppliers, but then deducts these payments from the VAT it collects from its customers!!!

Insofar as the Business Turnover Tax (BTT) is concerned, therefore...

- *BTT is intended to replace Corporation Tax, Business Rates, and Employer NI Contributions.*

- *According to Treasury figures, Corporation Tax, Business Rates & NIC (Employee & Employer combined) receipts for the fiscal year: 2011-12, amounted to: £39.8bn; £25.7bn; and £104bn, respectively.*

- *If we halve the NI receipts number to obtain an approximate figure for Employer NIC, and add this to those for Corp. Tax & Business Rates, and then round upwards, we arrive at a figure of £120bn to be raised via the BTT to compensate for the loss of these.*

Unlike VAT, whereby the tax a trader or company has paid to its suppliers is deducted from the tax it has collected from its customers – with only the difference between these being remitted to HMRC – the BBT will be a simple flat rate tax levied on ***ALL transactions*** that take place within the UK, and there will be no deductions of BTT paid to a supplier from BTT collected from customers!

BTT will also be levied on all royalties earned within the UK, and on all receipts from licensing agreements, and on all goods and services produced & sold in the UK for export.

Under this proposal, there would be 2 rates of BBT... one for incorporated companies, and the other for self-employed traders... and these would be charged on a business's ***TOTAL GROSS TURNOVER, and NOT its profit!!!***

The proposed BTT rate for incorporated companies (Ltd and PLC companies) is: **6%.**

> The key thing one has to remember about this is that BTT would ***replace:*** *"Corporation Tax",* for those who pay it, *(see: #13); "Business Rates" (see: #14), and; "Employers' NI Contributions" (see: #6),* and the savings from these would offset the BBT for most companies and ***should not,*** therefore, be inflationary!

The proposed BTT rate for self-employed traders (whether sole-traders or partnerships – with or without limited liability) is: **10%.**

> Self-employed ***'traders',*** as opposed to self-employed ***'sub-contractors',*** are considered here as being either sole traders (the sole owner/operator) or partners in an unincorporated business. Their profits are taxable as income at the same rate as PAYE-employees and, being self-employed, they would be able to offset the BTT they pay against their personal tax position.
>
> The result of this will be, of course, that for those who pay income tax, assuming this is increased to 40% (40p/£1) as proposed in #6 above – *and who do not avoid paying it through creative accounting practices or by sending their money to offshore tax havens* – they will only pay a nett 6% BTT.
>
> For those who do not pay any income tax, for what ever reason, the UK will at least benefit from 10% of the value of all the business, from the sale of goods &/or the provision of services, that they have transacted!!!

For the purposes of BBT, self-employed ***'traders'*** *(whether sole traders or partners in an unincorporated business)* will also include, but not necessarily be limited to... performing artistes, writers, professional orators, private landlords, etc.

Insofar as performing artistes, writers, orators and the like are concerned, BTT will be levied on all royalties and fees due to them that are generated in the UK.

- ***This would also include*** *royalties and fees earned in this country by performers, artistes, writers and orators, etc., who are from or resident overseas.*

Private, self-employed landlords will also pay BTT, at 10% gross, or 6% nett if they pay income tax, on all rents received from commercial &/or residential lets, and this revenue stream will (in part) compensate for the proposed abolition of Council Tax & Business Rates, as proposed above in #8 & #15, respectively.

- *Incorporated property companies will pay BTT at 6% on all rents received from commercial &/or residential lets*
- *Housing Associations, social businesses and other not-for-profit landlords will also pay BTT at 6% on all rents received*
- *Local Authorities will also charge BTT at 6% on their rents, but will be able to keep this revenue stream*

Exemptions to self-employed BTT would be...

- dividends payable on shares – which are a share of profits (nett of costs, overheads & BTT) made by the companies in which the dividend recipient has invested, and these are, therefore, unearned income and not turnover.
- self-employed civil engineering and construction sub-contractors who are CIS registered and who currently have 20% or 30%, respectively, deducted from their pay by their primary contractors for remittance to HMRC for income tax purposes.

All other self-employed sub-contractors – those who do not work in the civil engineering or construction industry – such as: commission-only sales & marketing people; home improvements' installers (of, e.g.: replacement windows & doors/double-glazing/conservatories, etc.); multi-drop delivery drivers; taxi-drivers; couriers, etc., will also have to pay BTT at 10% gross (6% nett of income taxation).

17.

Increase, TEMPORARILY, the top VAT rate to 25%

> *This measure, although inevitably inflationary during the first year following its implementation, **will <u>not</u> affect** the essentials of life such as: unprocessed food – i.e.: **<u>fresh</u>** meat and veg; electricity; gas; water, and; public transport. **<u>NOR</u>** will it affect **petrol** & **diesel** pump prices if my proposal to reduce VAT on these to 5% (see below, in #18), were to be implemented at the same time.*

I would suggest that this TEMPORARY increase in the top VAT rate, if implemented during the 2013/14 tax year, should only remain in place for the next 3-5 fiscal years, with the top VAT rate being reduced back down to 20% by no later than the end of 2018/19 tax year.

According to Treasury figures, VAT receipts for the fiscal year: 2011-12, amounted to: £104.1bn.

> *Some of this revenue is derived from VAT charged at 5% on domestic gas & electricity, some forms of home insulation, and a few other consumables.*
>
> *Most of it, perhaps as much as £90bn, is generated by the top, 20%, rate of VAT.*

Based on the above assumptions being correct, an increase in the top rate of VAT from 20% to 25% should bring in close to an additional £22.5bn. The first-year inflationary effects of this measure may, however, initially dampen consumer spending to reduce this figure by a small amount.

Part of the reason for temporarily raising the top VAT rate is to compensate for the proposed reduction in the VAT rate on petrol & diesel to 5% (see: #18, below) in order to get Britain moving again! I "guesstimate" that this will use up some £8bn* of the extra revenue the increase would bring in.

> ** *This is about 75% of the amount of VAT revenue I believe is currently being raised on private motorists' consumption... as explained below, a reduction in the rate of VAT on petrol and diesel consumed by commercial vehicles will have no impact on VAT receipts.*

The remainder of the extra revenue this measure would generate should be given to the HOUSING CORPORATION and construction industry – representing up to some **£36-42bn** over 3 years, or **£60-70bn** over 5 years – to fund new-build social housing projects and new homes to add further impetus to the other initiatives, measures and strategies submitted in this proposal to stimulate and foster a consumer-led UK economic recovery & growth while at the same time boosting the social and private-sector housing stocks!!!

18.

Reduce VAT on petrol and diesel to 5%

First of all, this measure will not make one jot of difference to VAT revenues received from VAT registered commercial enterprises such as transport companies and other businesses operating vehicle fleets, whether they be company cars or goods vehicles, because – as explained above in: #15, re: "BTT" – the VAT these pay on fuel is deductible from the VAT they charge to their customers for their goods and services. The real winners of this measure, therefore, will be the poor, hard-pressed, private motorist.

So why do it...? At the time of writing, the average price of a litre of petrol in the UK is around 139.2 pence. This breaks down to...

Actual cost/litre of unleaded petrol including retailers' margins:	58.0p
Duty/litre:	58.0p
VAT @ 20%:	23.2p

- *According to Treasury figures, Fuel Duty receipts for the fiscal year: 2011-12, amounted to: £26.2bn.*
- *Based upon the above figures, the VAT raised on the Fuel Element must be around some £5.25bn, and – as this is half the total ex-VAT price on fuel – the total VAT raised on fuel must be around some £10.5bn.*
- *Reducing VAT on fuel to 5%, therefore, will cost around some £7.9bn*

“Value Added Tax”, to my way of thinking – and ALL with whom I have debated this to date have agreed with me – should ONLY be a **<u>T</u>ax** that is **<u>A</u>dded** to the **<u>V</u>alue** of a product or service!!!

“Duty” is a tax that is also applied to some products, and does not constitute part of these products' "values", so VAT should not be applied to the element of a product's price which is, in fact, duty! In other words, tax (in the form of duty) ***should <u>not</u> then be taxed with VAT!!!***

Given that the duty on petrol is currently equal to the actual price (at the pump) of petrol, excluding VAT, the simple solution would be to halve the VAT rate to 10% to compensate for this. However, duty and the actual value of petrol are not always the same, and it would be ridiculous to suggest adjusting the rate of VAT on petrol and diesel to compensate every time there is a divergence between the ratio of duty to the actual cost of these.

Instead, I would propose that the rate of VAT charged at the pumps should be the same as that on domestic electricity and gas... 5%.

This would reduce the current average pump price from 139.2p to 121.8p... a saving of 17.4p/litre for the private motorist.

As previously stated, this measure would have no impact on VAT revenue receipts whatsoever from commercial consumers, and the loss of revenue incurred by a 75% reduction in VAT on petrol & diesel consumed by the private motorist would initially be recovered by the temporary increase in the top-rate of VAT proposed above in: #12. In the longer term, the reduction of VAT on fuel would be compensated by increased car usage and will have a knock-on effect of enabling job seekers – whose job searching is currently restricted by the economics of commuting – to look further afield for employment.

> *Now... before the green lobby leap up in horror to protest about the effect this will have on environmental pollution... let me point out that cyclists on the roads in city and town centres are the biggest cause of environmental pollution, by far!!! One has only to look at the massive queues of cars, vans, lorries, buses and coaches crawling along in low-gear & high revs, and chucking out shed-loads of exhaust gases, all because the lead vehicle in the queue is stuck behind a couple of cyclists, or more, who are blithely idling along two-abreast!!!*

19.

Replace the ROAD FUND LICENSE with a 12-15p/litre Fuel Duty increase

Since 2001, the annual Road Fund License ("Road Tax") levied on cars and small vans registered after 01 March of that year, has been determined by the amount of CO_2 they emit (in grams) per kilometre driven. The thinking behind this methodology is that it will encourage car buyers to acquire vehicles that are more environmentally friendly.

> *Bearing in mind that a tonne of lead weighs exactly the same as a tonne of feathers... the first thing to take into account with this formula – and which a majority of ecologically-minded drivers do not realize or fully appreciate – is that generally speaking, (and exhaust particulates' filters notwithstanding), one litre of unleaded petrol when burned in an internal combustion engine will produce more or less similar amounts of CO_2 and other pollutants when burned in a 6 litre, V12 high performance engine as it will when consumed in a comparatively modest 1.2 litre, "straight-4" engine.*

What makes the difference to a vehicle's emissions is its fuel efficiency/economy...

- *For example: a car that achieves 20km/litre (56.25mpg) will typically produce 111-120 g/km of CO_2 (average: 2300g/litre), whereas a car that only returns 10km/litre (28mpg) will produce 226-255 g/km (average: 2300g/litre)!!!*

The second factor to consider is that the current RFL scale is based upon a ***new*** vehicle's factory emissions, and takes no account of 1: how well, or otherwise, the vehicle is subsequently maintained... 2: how much **annual mileage** it does... 3: **where & when** it is driven... or 4: **how** it is driven!

1. A poorly maintained vehicle will produce far more environmentally damaging emissions than one that is properly tuned and regularly serviced with the oil, and the spark plugs, oil and air filters regularly replaced.

- *The current RFL system takes no account of this... whereas an increase in fuel duty would!*

2. It does not take an Einstein or a Hawking – or a "Sheldon" ("Big-Bang Theory") – to work out that a 2.0 litre car with an average annual mileage of 24000 miles will have polluted almost **twice** as much than one with an average annual mileage of 12000 miles, and nearly ***four*** times as much as one with an annual mileage of only 6000 miles!

- *The current RFL system takes no account of this... whereas an increase in fuel duty would!*

3. Urban driving increases fuel consumption compared to cruising on the "open road" and, similarly, rush hour traffic delays can substantially increase a vehicle's fuel consumption per kilometre or mile still further. Therefore: the greater one's vehicle's fuel consumption per kilometre or mile, the greater will be one's vehicle's emissions.

- *The current RFL system takes no account of this... whereas an increase in fuel duty would!*

4. A mature driver (with no "mid-life crisis" issues!!!), in comparison to a reckless, idiot boy racer will typically drive his or her vehicle more sedately around town, and therefore more fuel efficiently and, consequently, with lower CO_2 emissions per kilometre or mile travelled! Similarly, most vehicles achieve maximum fuel efficiency when cruising at speeds of between 80-100kph (50-62½mph)... those who drive on motorways at over 120kph (75mph+) will not only burn more fuel per kilometre or mile, but will also (of course) produce more pollution!

- *The current RFL system takes no account of this... whereas an increase in fuel duty would!*
    - *Insofar as the latter point above is concerned: a car driven on a motorway at a constant 50mph (72secs/mile) will take 72minutes to complete 60miles... if driven at a steady 60mph (60secs/mile), it will take 60minutes ... and if driven at 72mph (50secs/mile), it will take 50minutes!*
    - *So for the sake of saving 22minutes **(at most)** on a 60 mile stretch of motorway, why go to all the expense of burning all that extra fuel and causing significantly <u>more</u> pollution!!!...???*

- *The current RFL system takes no account of this... whereas an increase in fuel duty would!!!*

Consider this...

Additional annual fuel bill assuming a 12pence/litre increase in fuel duty

Average annual mileage ► Average fuel economy ▼	10,000km/yr 6,250mls/yr	**20,000km/yr 12,500mls/yr**	30,000km/yr 18,750mls/yr	40,000km/yr 25,000mls/yr	50,000km/yr 31,250mls/yr
5km/litre - 14mpg	£240pa	**£480pa**	£720pa	£960pa	£1200pa
10km/litre - 28mpg	£120pa	**£240pa**	£360pa	£480pa	£600pa
15km/litre - 42mpg	£80pa	**£160pa**	£240pa	£320pa	£400pa
20km/litre - 56mpg	£60pa	**£120pa**	£180pa	£240pa	£300pa
25km/litre - 70mpg	£48pa	**£96pa**	£144pa	£192pa	£240pa

(PLUS VAT {on 12p}: 0.6p/lt extra @ 5% - 2.4p/lt extra @ 20% - 3.0p/litre extra @ 25%)

What the above chart shows us is that a vehicle with an extremely ***low*** fuel consumption of 25kpl/70mpg will, if driven an average 31,250 miles/annum, **POLLUTE AS MUCH** in a year as a petrol/diesel guzzler that only gives 5km/litre (14mpg) but which only travels 10,000km/6,250mls per annum... and **THREE** times as much than a car with an annual mileage of 6,250 that only gives 15kpl/42mpg

But vehicles with consumptions around 70mpg are rated "Band A" and do not have to buy Road Tax!!!

Replacing the Road Fund License bands with a 12-15 pence/litre increase in fuel duty therefore...

1. Rewards regularly repaired and serviced vehicles, and penalizes maintenance deprived vehicles
2. Rewards low-mileage drivers, and penalizes high-mileage drivers (especially commercial users)
3. Rewards off-peak urban and moderate motorway driving, and penalizes rush hour driving
4. Rewards careful, sedate driving and penalizes heavy-footed, aggressive driving
5. Rewards fuel-efficient motorway cruising, and penalizes high speed motorway driving

And...

6. Visiting and commercial drivers from the EU – who do not currently contribute to RFL revenue – will also pay the increased duty on the fuel they buy while in Britain

In addition to the above, the removal of the Road Fund License...

- will reduce the administrative burden, and the costs thereof, on the DVLA
- will eliminate the need to police and prosecute RFL dodgers, freeing up valuable police and the Courts time and overly stretched resources

And, instead of displaying a current tax disc, vehicles will have to...

- display a registration/MOT-exemption disc for the first three years following their registration, followed by displaying a current/valid registration/MOT disc
- display a current/valid insurance disc stating: name of insurer; type of cover, and; total number of drivers covered, et cetera
- or, in the event the vehicle is being kept off-road and therefore does not have either of the above, a current/valid SORN disc

In this way... police, traffic wardens, and mobile DVLA officials, ***as well as concerned citizens,*** will more easily be able to identify any vehicles that are not lawfully using the public highway!!!

20.

Increase MOT test fees – give "FSH" discounts

Bearing in mind that an irregularly serviced and poorly-maintained vehicle will be fuel-inefficient and, therefore, more polluting, this proposal is intended to provide motorists with an incentive to keep their vehicles properly maintained and regularly serviced. To this end...

- I propose increasing the MOT fee by at least one-third, and discounting this by 25% for those motorists who can produce a Full Service History for their vehicles when submitting them for testing.

NOTE

- This discount would only be available for vehicles that have been regularly serviced in compliance with the manufacturers' servicing schedule, including the replacement of oil and filters as and when applicable; it would NOT be claimable by motorists who may simply have had their vehicle serviced for the MOT test... unless they produce a DVLA registration document that shows they only acquired the vehicle within the past 12 months, or a "Statutory Off-Road Notification" (SORN) to show the vehicle has been kept off-road prior to the MOT test.

- The absence of a Full Service History would not disqualify motorists from getting an MOT test certificate for their vehicle, providing it passed all the MOT Test criterions, of course.

- It would also create an incentive to motorists only to buy previously-owned/used vehicles that have a Full Service History from new which, in turn, will encourage motorists intending to sell the vehicle on at some point to ensure they keep their vehicles properly serviced and maintained!

21.

Reduce VAT on supply of energy (electricity & gas) & water for commercial use to 5%

As mentioned above in: #16 & #18, VAT registered companies deduct the VAT paid to their suppliers from the VAT collected from their customers, and remit the difference to HMRC. Therefore, reducing VAT on energy and water supplies to commercial end-users will have no impact on overall VAT returns from these.

It is, therefore, small businesses in general and new small business start-ups in particular – with annual turnovers too low to register for VAT purposes – that this measure is intended to help... and they will also benefit from the reduction in VAT on petrol and diesel as well as from the replacement of road fund licenses with an increase in the duty on these, and the abolition of business rates chargeable on their business premises.

- *These measures may not necessarily encourage new enterprise, but they WILL REMOVE obstacles that currently* ***discourage*** *it, as well as provide some measure of relief for VAT-unregistered small and new businesses currently struggling in the prevailing economic climate!!!*

22.

Introduce a “Carbon Tax” on vehicle, motorcycle and bicycle tyres and inner tubes

Vehicle, motorcycle & bicycle tyres & inner tubes...

Currently, when motorists replace a tyre, they have to pay a levy (per tyre) for their old tyre's disposal.

Obviously, the cheaper the tyre they purchase, the more frequently they have to replace it, and the more levies they pay for the disposal of the old tyres they are replacing.

Cyclists, on the other hand, pay no such levy because when they replace a tyre they simply dispose of the old one in their regular refuse, or “lose” it on a convenient skip at the roadside!

> *How "green" is that!!!...?*

I propose scrapping the current levy system, and introducing a "Carbon Tax" on all tyres and inner tubes, payable to the manufacturers for remitting to HMRC, whether for cars, commercial vehicles, cycles, or motor cycles. The new tax should reflect the estimated mileage that the product is capable of achieving before it becomes necessary to replace it.

Whether the economics of how to apply such a tax to achieve the desired result would best be served by a flat-rate tax or a sliding scale whereby the tax is greater on cheaper tyres with a higher replacement frequency is something to which I defer to the experts to determine.

> *Two things of which I am certain though, are: (1), this tax will eliminate the need for fly tippers to dispose of waste tyres illegally, and; (2), cyclists will no longer be able to avoid paying a disposal levy!!!*

23.

Introduce a "Bicycle Carbon Tax"

As I have said above, and the evidence of this is observable by anyone who is willing to stand on the corner of busy inner city junction during rush hour, cycles on the roads in town and city centres are the biggest single cause of traffic pollution because they are the biggest impediment to the free-flow of traffic generally and, when making use of bus lanes, they impede and reduce the average speed and journey times of buses, coaches and taxis!!!

Personally, I would like to ban bicycles from towns and cities'... or make cycles, public transport, emergency and essential goods vehicles the only traffic in towns and cities, but neither of these extremes are practical, nor even particularly desirable.

A Carbon Tax on all new cycles sold, however, *is!!!*

That said, I do not seriously expect a Carbon Tax on bike sales ever to be implemented, but if I have given you pause to reflect upon the damage that cycles actually do do to the environment and the economy, then my task here is done.

NOTE...

> *A point-of-sale Carbon Tax on bicycle tyres and inner tubes to replace the disposal levy, however, is a very real contender for implementation!!!*

24.

Rationalize DUTY rates on alcoholic beverages

I can recall that, some 20 or so years ago, there was a massive debate and much lobbying from the affected industries, as to whether to categorize or classify ciders and perries as beers or wines for the purposes of applying an appropriate rate of duty on these.

I remember that, at the time, I was amused, bemused and confused by this because it seemed to me that the logical solution would be simply to make no distinction between beers, spirits, wines and other alcoholic beverages... but rather to have a flat-rate of duty per centilitre (cl) or millilitre (ml) of the alcohol content present in these beverages.

If this were to be done now, and the initial rate of duty on alcoholic beverages for 2013/14 was set at, say, 20p/cl or 2p/ml of alcohol, then...

> A 70cl bottle of spirits (whiskey, vodka, rum, gin, brandy, etc.) with an ABV of 40% would have an alcohol content of 28cl and would therefore attract duty of 28 x 20p = £5.60, and a 1-litre bottle of spirit with 40% ABV would carry duty of: £8.00... plus VAT in both instances, of course... *although I still maintain it is wrong to apply a "value added" tax to another tax that has nothing to do with the actual "value" of the product!!!*

Similarly, a 2p/ml or 20p/cl duty on the following would yield...

- One pint (57cl) of beer with 4% ABV = 45.6p
- One pint (57cl) of lager with 6% ABV = 68.4p
- One pint (57cl) of cider with 8% ABV = 91.2p
- 75cl of perry with 8% ABV = £1.20p
- 70cl of still or sparkling wine with 12% ABV = £1.68
- 70cl of spirits with 37.5% ABV = £5.25p

In 2006, only Eire (Southern Ireland) had higher duty levels on alcoholic beverages, across the board, than the UK; and only Sweden had a higher duty on spirits than the UK. All the rest of our European neighbours had significantly (and in some cases, substantially) lower rates of duty on wines, spirits, beers and other alcoholic beverages during 2006.

- In France, for example, the duty on still wine in 2006 was just 2p per 75cl bottle compared to £1.25 in Britain! In Austria, Cyprus, the Czech Republic, Germany, Greece, Hungary, Italy, Luxembourg, Malta, Portugal, Slovakia, Slovenia, and Spain, duty on wine was ***zero!!!***

- And it was a similar story for beers and spirits!!!

To the best of my knowledge and belief, none of these countries suffer from high levels of alcoholism among their populations, as is often the justification cited in the UK to vindicate the extremely high levels of duty imposed upon us! However, given that most binge drinking involves the consumption of beer, lager and cider... the combination of this duty system and the additional, inappropriate and unjustified application of VAT on this, should discourage this without affecting overall wines and spirits' sales.

I believe the above proposal, and the rate of duty per cl/ml suggested will, on the one hand, encourage people to shop for beverages with lower ABV percentages, to save money while still enjoying a “tipple”; and, on the other, will create a very positive “feel-good” factor among our population... *and a **happy** nation is a **productive** nation!!!*

- And if the people are happy and productive, they will not feel the need to drink so much... Will they!!!...???

SUMMARY

1. **Repeal** the Welfare Reform Act

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2. **Increase** the **NATIONAL MINIMUM WAGE** (NMW) – the full adult rate – to £7.50 per hour
3. **Set** the lower **NMW** rates as **fixed percentages** (in 20% decrements) of the NMW full adult hourly rate
4. **Create** a **single,** fully integrated, interdependent and interactive benefit system to be called, **"CITIZENS' INCOME GUARANTEE"** (CIG) to ***<u>REPLACE</u>*** **all other** out-of-work, in-work and disability related benefits as well as **Universal Child Benefit** (So that it is incorporated into CIG where it will be targeted at society's poorest and most vulnerable children, and no longer paid to higher income families!!!)
5. **Set** the **CIG** base weekly rate at **<u>10 times</u>** the NMW full adult hourly rate
6. **Set** ALL OTHER **CIG** allowances, rates and supplements as **fixed percentages** (in 20% decrements) of the CIG base weekly rate
7. **Set** the single person's weekly **pension** at **<u>20 times</u>** the NMW full adult hourly rate
8. **Set** the single person's weekly **Personal** (Income) **Tax Allowance** (PTA) at **<u>30 times</u>** the NMW full adult hourly rate

Legislate to maintain these NMW: CIG; pension; PTA (1: 10; 20; 30 respectively) ratios so that as one is increased or frozen, so too are ALL the others increased or frozen proportionately

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9. **Make** PTA transferable (in whole or in part) between couples
10. **DOUBLE** standard rate taxation (from 20% to 40%)
11. **Abolish** Employee National Insurance Contributions
12. **Abolish** Council Tax
13. **Abolish** the TV License (the "Telly Tax")

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14. **Introduce** a **"Business Transaction Tax"** (BTT) of: 6% per transaction flat-rate for registered companies, and; 10% gross for the self-employed (which can be written down against Income Tax to reduce it to 6% nett)*
15. **Abolish** Corporation Tax (or reduce it to 0%) to end CT avoidance
16. **Abolish** Employer National Insurance Contributions ("Employment Tax")**
17. **Abolish** Business Rates**
18. **Reduce** VAT from 20% to 5% on business electricity, gas & water (to assist VAT-unregistered small businesses and new start-ups)

(*Variable cost – **Fixed cost)

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19. **Increase** the standard VAT rate from 20% to 25%
20. **Use** the extra revenue raised: 1) to compensate for revenue lost through the next measure, and 2) to fund new-build social and private sector housing construction
21. **Decrease** VAT on petrol & diesel from 20% to 5%
22. **Increase** duty on petrol & diesel by 12-15pence/litre (to replace Road Fund License)
23. **Abolish** Road Fund License ("Road Tax")

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24. **Introduce** a "Carbon Tax" on all new vehicular tyre and tyre inner tube sales (including bicycle tyres) to end fly tipping of these

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25. **Rationalize** duty on alcoholic beverages so that it is levied by actual Alcohol By Volume (ABV) content and not by beverage classification

In conclusion...

Thrifty, austere "Thatcherist" economics of tax more and spend less have their place in the short term, but are fiscally deconstructive when imposed over a long and protracted period. Making the poor poorer not only demoralizes a nation, but also quells and quashes any realistic prospects of kindling, igniting and fuelling a consumer-led economic revival and recovery. Instead of "austerity measures", we should be taxing less and relieving poverty so that consumer confidence grows and the people can begin to spend more.

With increased consumer spending will come increased demand... With increased demand will come increased production output... With increased production output will come new jobs... With new jobs will come falling unemployment, increased tax revenues, falling social security spending, and increased consumer spending!!! And so the cycle will continue to propagate further economic activity to stimulate and revive, nurture, fertilize and GROW the economy!!!